

In-Home Medicaid/State Services Rate Study

Advisory Workgroup #2

September 13th, 2022



Agenda

- Provider Cost and Wage Survey Responses
- Wage Analysis
- Supplemental Pay
- Inflation Assumptions
- Employee Related Expenses
- Additional Rate Components
- Peer State Comparison
- Workgroup Timelines and Next Steps
- Questions and Answers

Provider Cost and Wage Survey Responses

Provider Survey Responses

Guidehouse has received 28 cost and wage survey submissions from South Dakota providers.

- Submissions represent **43** percent of all providers eligible to complete the survey.
- Submissions represent **71** percent of SFY22 MMIS Medicaid claims, this does not account for services under state funds.
- According to leading experience management firm, Qualtrics*, typical survey response rates fall between 20-30 percent, though response rates depend heavily on survey design, medium, and population size.
- Guidehouse measures “representativeness” by the number of providers, the relative size and scale of providers operations, and total State expenditures represented by surveyed providers.
- Guidehouse split providers by Medicaid expenditures into “large” and “small” providers, differentiating providers into “Over \$100k” and “Under \$100k”.

Survey Response Rates

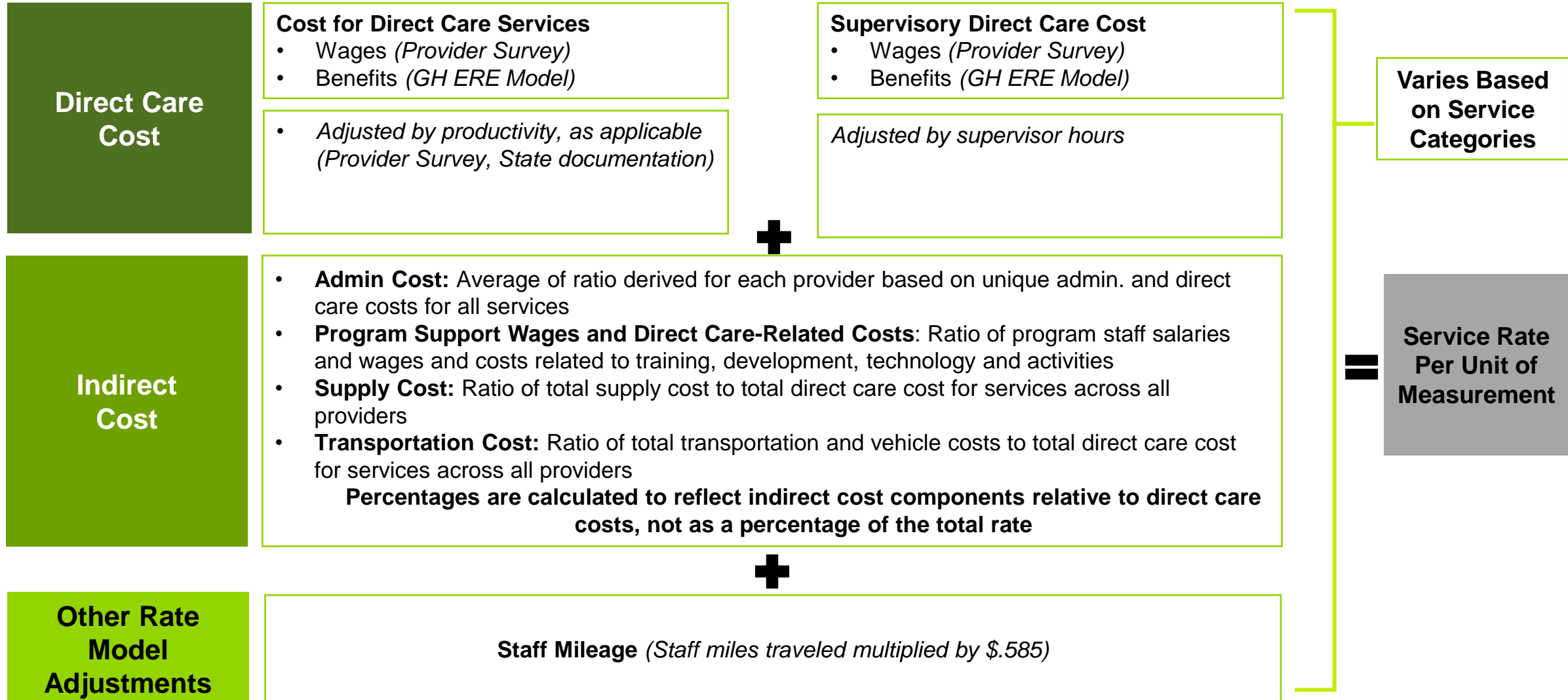
Provider by Size	Total Providers	Percentage of Large and Small Providers	Provider Survey Submissions*	Percent of Providers Responding
Over \$100k	26	40%	16	62%
Under \$100k	39	60%	10	26%
Total	65	-	26	-

*Two providers that submitted surveys with no MMIS Medicaid claims in SFY22

Provider by Size	Total Expenditures**	Percentage of Large and Small Provider Expenditures	Expenditures Captured in Survey Submission	Percent of Expenditures Captured in Surveys
Over \$100k	\$18,459,550	93%	\$13,685,438	74%
Under \$100k	\$1,350,687	7%	\$358,232	27%
Total	\$19,810,237	-	\$14,043,671	-

**Services provided under state general funds not included. This represents SFY22 Medicaid MMIS claims.

Rate Build Up Overview



Wage Analysis

Wage Analysis

The tables on the following slides summarize wage analysis conducted to date. A few caveats are in order before interpreting the numbers.

All figures are PRELIMINARY. Additional data analysis and discussion with stakeholders could change these wage values.

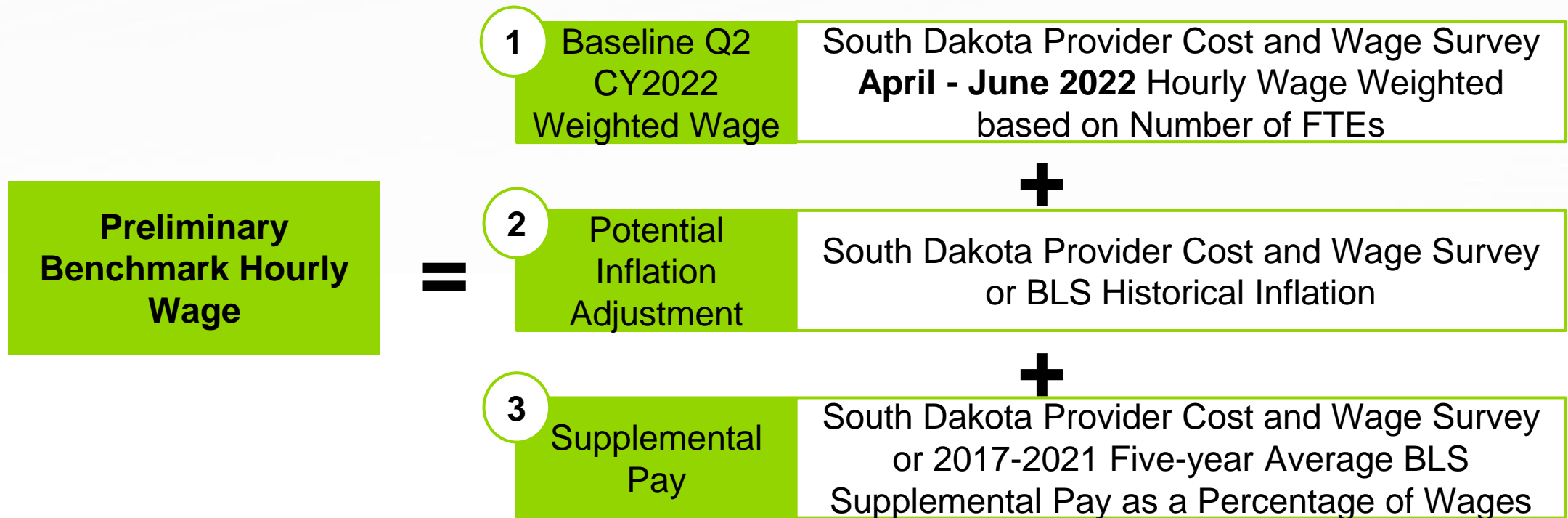
- Wage figures are FTE-weighted to represent providers of different sizes proportionately in the data.
- Wages illustrated here represent “regular” or “baseline” wages and do not reflect the impact of overtime, shift differentials, and other types of supplemental pay on overall wage compensation.

Survey Review and Validation

1. Confirmed that major identifying information was included within the data, such as provider name or IDs
2. Ensured that no tabs had been deleted and followed up with providers who had missing tabs to ensure that all data had been collected
3. Standardized job types for all providers that selected “Other” and manually entered their job type.
4. Reviewed for outlier data points.
5. Reviewed for answers that appeared to answer the question differently than intended.

Wage Adjustment Factors

Benchmark wages are calculated by FTE weighting the survey reported average wages for each job type. This value can then be adjusted by an additional inflation factor and includes supplemental pay.



Job Types by Service

Staff counts by service within the survey responses showed a variety of positions providing different services.

Staff Counts by Service						
Position	Homemaker	Personal Care	Nursing	Adult Companion	Respite	Chore
Adult Companion/Respite Staff	8	6	2	8	7	0
Certified Nursing Assistants	9	9	2	7	7	2
Chore	2	1	1	1	0	1
Home Care Coordinator	5	5	2	5	5	1
Homemaker	16	15	3	12	11	2
Licensed Practical Nurse (LPN)	3	5	12	3	2	0
Personal Care Staff/Attendant	10	11	3	7	7	0
Registered Nurse (RN)	6	9	19	4	2	0

Direct Care Baseline Wages

The table below captures the FTE weighted baseline wages by staff type based on the data reported in the cost and wage survey as well as the cost reports.

Q2 CY2022 Cost and Wage Survey – FTE Weighted Baseline Wage By Job Type (Staff)						Cost Report – FTE Weighted Baseline Wage	
Job Type	FTEs	FTE Weighted Wage	Median Wage	Lowest	Highest	2021 Cost Report	% Change
Homemaker/Personal Care Staff	356.96	\$15.93	\$16.00	\$12.00	\$22.05	\$12.18	31%
Registered Nurse (RN)	71.61	\$31.63	\$32.50	\$25.00	\$45.00	\$32.76	-3%
Certified Nursing Assistants	50.00	\$16.05	\$16.34	\$15.00	\$18.00	\$14.94	7%
Adult Companion/Respite Staff	41.55	\$15.36	\$15.00	\$12.25	\$21.50	\$12.18	26%
Licensed Practical Nurse (LPN)	37.68	\$25.20	\$25.18	\$20.00	\$45.00	\$22.51	12%
Home Care Coordinator	29.73	\$16.78	\$18.90	\$14.75	\$33.63	N/A*	-
Chore	1.00	\$16.63	\$16.63	\$16.63	\$16.63	N/A*	-

*Job types not reported in the cost reports

Supervisor Baseline Wages

The table below captures the FTE weighted baseline wages by supervisor based on the baseline wages reported in the cost and wage survey.

Q2 CY2022 Cost and Wage Survey – FTE Weighted Baseline Wage By Job Type (Supervisor)					
Job Type	FTEs	FTE Weighted Wage	Median Wage	Lowest	Highest
Agency Director/Manager	20.3	\$29.62	\$30.00	\$20.00	\$56.42
Care Coordinator	14	\$22.73	\$19.00	\$15.00	\$34.84
Support Specialist	7.2	\$20.85	\$19.00	\$16.00	\$24.50
Personal Care Supervisor	3	\$18.17	\$19.75	\$15.00	\$33.63
Shift and Unit Supervisor	3	\$31.00	\$32.18	\$18.00	\$37.50

Supplemental Pay: Cost and Wage Survey

Providers reported Total Supplemental Pay in the Provider Cost and Wage Survey that is inclusive of costs such as shift differentials, holiday pay, and non-production bonuses.

- Supplemental pay as a percentage of wages was derived from the total supplemental pay and total regular wages reported by providers.
- The table below includes supplemental pay calculated as a percentage of total wages as reported in the survey.
 - The survey responses indicated that not all providers reported supplemental pay. Overall, 41 percent of providers that submitted surveys reported supplemental pay for one or more job types. Of these providers Guidehouse removed providers due to a 25% outlier threshold which resulted in 20% remaining.
 - Additionally, the supplemental pay reported in the survey varied widely from provider to provider. Potential provider outreach is being considered to better understand numbers provided.

Supplemental Pay as a Percentage of Total Regular and Supplemental Pay
Ratio of Total Supplemental Pay to Total Regular Wages and Supplemental Pay across all Divisions and services <i>(Outliers of above 25 percent excluded)</i>
7.64%

Supplemental Pay: Bureau of Labor Statistics

The BLS Employer Costs for Employee Compensation (ECEC) data series for the Health care and social assistance industry analyzes total compensation by breaking down costs into hourly wage costs as well as expense categories related to mandatory taxes and benefits, insurance, retirement, paid time off, supplemental pay, and other benefits.

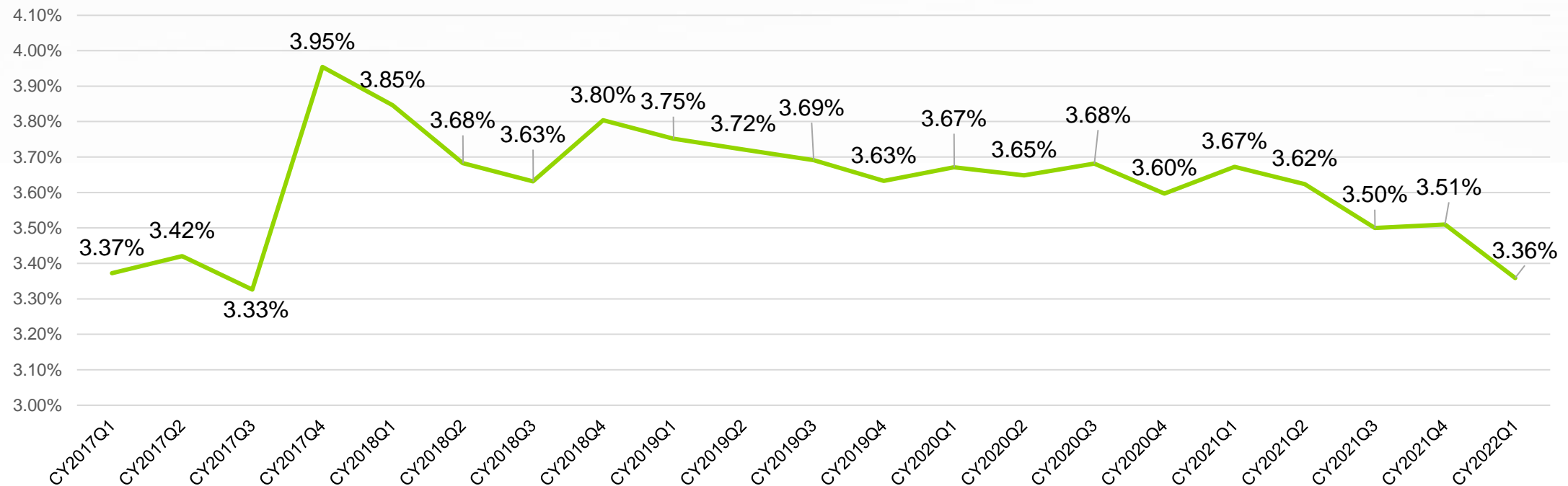
- The ECEC BLS data captures national hourly wages and supplemental pay for occupations comparable to South Dakota on a quarterly basis.
- BLS supplemental pay includes overtime and premium, shift differentials, and nonproduction bonuses.
- In Q1 2022, supplemental pay for this labor class amounted to \$0.57 for every hour of worker pay, or 3.36 percent of the national average hourly wage of \$16.97.
- The national average hourly wage of \$16.97 suggests comparability to a Homemaker or Personal Care staff in South Dakota based on the survey results of \$16.02.

Source: The Bureau of Labor Statistics (BLS), Employer Costs for Employee Compensation for Nursing and Residential Care Industry Available online: <https://www.bls.gov/data>

Supplemental Pay: BLS Quarterly Trends

- As depicted in the graph, BLS supplemental pay trends have remained relatively steady over the last five years, inclusive of the effects of the COVID-19 Public Health Emergency (PHE).
 - The average supplemental pay over the most recent five-year period from 2017-Q1 to 2022 is **3.62 percent**.

2017 - 2022Q1 Supplemental Pay as a Percentage of Wages and Salaries



Source: The Bureau for Labor Statistics (BLS), Employer Costs for Employee Compensation for Health care and social assistance Industry Available online: <https://www.bls.gov/data>

Supplemental Pay in Wage Assumptions

Guidehouse proposes using the BLS supplemental pay for wage assumptions for the following reasons:

- Guidehouse recommends the BLS 2017-2022Q1 average supplemental pay of **3.62 percent**. This time period would account for the most recent supplemental pay rates as well as the impacts of the COVID-19 PHE on the rates.
- Supplemental pay information collected for 2022Q2 through the survey deviates from the most recent and historical industry trends. Moreover, the survey sample size represents only 20% of providers that responded to the survey after accounting for large outliers of over 25%. Therefore, supplemental pay based on the survey won't necessarily be a lasting trend and may not represent all providers.
- The BLS data includes all supplemental cost components integral to overall compensation, and the data provides consistent and periodic trends that can be used to project a future state.

Cost Trending: BLS Current Employment Statistics

The Bureau of Labor Statistics National Current Employment Statistics (CES) data produces earnings of workers within specific industries.

- The table below includes annual growth trends calculated based on average hourly wages reported as part of the CES data over the past decade.
- 2022 trends reveal an average wage growth rate of 5.28 percent across the Elderly and Persons with Disabilities employee categories.

Elderly and Persons with Disabilities Staff											
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Average hourly earnings of all employees	\$14.04	\$13.89	\$13.87	\$14.03	\$14.52	\$14.91	\$15.30	\$15.82	\$16.63	\$17.47	\$18.39
Percentage Change		-1.09%	-0.17%	1.22%	3.46%	2.67%	2.65%	3.38%	5.11%	5.07%	5.28%

*2022 is a partial year with preliminary June 2022

Source: Bureau of Labor Statistics, Current Employment Statistics (CES) Survey, Employment, Hours and Earnings.

Cost Trending: BLS Producer Price Index (PPI)

The Bureau of Labor Statistics Producer Price Indices (PPI) for Medicaid populations including residential and developmental disability homes and home health care services is suitable for estimating annual inflationary increases in provider costs.

- Producer Price Index (PPI) is a Federal index of inflation across multiple industries in health care for Medicaid populations and services. The BLS has collected data on changes in Medicaid providers' costs on a monthly basis and measured it with a unique inflation index since 2014.
- The most recent quarter of PPI data from produces an annual growth between 5.53 percent and 2.91 percent depending on the Medicaid population under consideration.

Producer Price Index (PPI)		
PPI Industry Type	2020-2021	2021-2022*
Residential and Developmental Disability Homes	2.81%	5.53%
Home Health Care Services	0.52%	2.91%

*2022 is a partial year

Source: The Bureau of Labor Statistics (BLS), PPI Industry Data for Residential Developmental Disability Homes – Medicaid patients Available online: <https://beta.bls.gov/dataViewer/view/timeseries/PCU62321062321011>

Cost and Wage Survey Wage Changes

Guidehouse's preliminary recommendation is to apply the 6.3% inflation to baseline wages since this percentage is specific to this set of South Dakota providers and jobs that provide these services. 57% provider organizations reported wage increases within the survey indicating more than half of providers have already increased wages since the end of the survey period.

Q2 CY2022 Cost and Wage Survey Wage Increases by Job Type				
Job Type	Low	High	Median	Count Of Providers
Homemaker	3%	25%	6%	11
Agency Director/Manager	3%	17%	3%	6
Adult Companion/Respite Staff	3%	55%	7%	8
Licensed Practical Nurse (LPN)	1%	11%	5%	7
Registered Nurse (RN)	3%	13%	5%	12
Care Coordinator	5%	17%	6%	6
Personal Care Supervisor	6%	17%	12%	2
Personal Care Staff/Attendant	5%	12%	7%	7
Home Care Coordinator	5%	17%	6%	4
Shift and Unit Supervisor	6%	9%	8%	2
Support Specialist	10%	10%	10%	4
Certified Nursing Assistants	3%	16%	10%	4
Median	4.00%	16.50%	6.25%	

BLS and Provider Reported Wage Comparison

The table below highlights the comparison of baseline wages reported in Cost and Wage Survey, Bureau of Labor Statistics OEWS data, and FTE weighted wages from FY21 provider cost reports.*

Q2 CY2022 Cost and Wage Survey			June 2022 BLS Baseline Hourly Wages (Inflated by CES 5.28%)			FY2021 Cost Report (7/1/2020- 6/30/2021)	
Job Type (Staff)	FTE Weighted Wage	Median Wage	Occupation (SOC code)	Hourly Mean Wage (May 2021)	Inflated Hourly Mean Wage (June 2022)	2021 Cost Report	2021 Cost Report - FTE Weighted
Registered Nurse (RN)	\$31.63	\$32.50	Registered Nurses(291141)	\$29.11	\$30.65	\$34.58	\$32.76
Licensed Practical Nurse (LPN)	\$25.20	\$25.18	Licensed Practical and Licensed Vocational Nurses(292061)	\$20.11	\$21.17	\$22.67	\$22.51
Homemaker/Personal Care Staff	\$15.93	\$16.00	Home Health and Personal Care Aides(311120)	\$13.90	\$14.63	\$14.79	\$12.18
Adult Companion/Respite Staff	\$15.36	\$15.00	Home Health and Personal Care Aides(311120)	\$13.90	\$14.63	\$14.79	\$12.18
Certified Nursing Assistants	\$16.05	\$16.34	Nursing Assistants(311131)	\$14.26	\$15.01	\$13.47	\$14.94

*Source: Occupational Employment and Wage Statistics (OEWS), <https://www.bls.gov/oes/>

BLS and Provider Reported Wage Comparison (cont.)

The table below highlights the comparison of baseline wages reported in Cost and Wage Survey and Bureau of Labor Statistics OEWS data.*

Q2 CY2022 Cost and Wage Survey			June 2022 BLS Baseline Hourly Wages (Inflated by CES 5.28%)		
Job Type (Supervisor)	FTE Weighted Wage	Median Wage	Occupation (SOC code)	Hourly Mean Wage (May 2021)	Inflated Hourly Mean Wage (June 2022)
Agency Director/Manager	\$29.62	\$30.00	First-Line Supervisors of Office and Administrative Support Workers(43-1011)	\$25.96	\$27.33
Care Coordinator	\$22.73	\$19.00	Healthcare Support Workers, All Other(31-9099)	\$18.46	\$19.43
Support Specialist	\$20.85	\$19.00	Healthcare Support Workers, All Other(31-9099)	\$18.46	\$19.43
Personal Care Supervisor	\$18.17	\$19.75	Healthcare Support Workers, All Other(31-9099)	\$18.46	\$19.43
Shift and Unit Supervisor	\$31.00	\$32.18	First-Line Supervisors of Office and Administrative Support Workers(43-1011)	\$25.96	\$27.33

*Source: Occupational Employment and Wage Statistics (OEWS), <https://www.bls.gov/oes/>

Preliminary Wage Recommendations

The table below presents Guidehouse's preliminary wage recommendations for direct care staff.

Job Type	Number of FTEs (Survey)	CY2022 Q2 Provider Cost and Wage Survey	Adjusted 2023 Baseline Hourly Wage	Adjusted 2023 Hourly Wage
		Baseline Wage (FTE Weighted)	2023 Hourly Wages (Baseline + 6.25% Inflation Factor)	Benchmark Hourly Wage (2023 Hourly Wage + 3.62% Supplemental Pay)
Homemaker/Personal Care Staff	356.96	\$15.93	\$16.93	\$17.54
Registered Nurse (RN)	71.61	\$31.63	\$33.61	\$34.82
Certified Nursing Assistants	50.00	\$16.05	\$17.05	\$17.67
Adult Companion/Respite Staff	41.55	\$15.36	\$16.32	\$16.91
Licensed Practical Nurse (LPN)	37.68	\$25.20	\$26.78	\$27.74
Home Care Coordinator	29.73	\$16.78	\$17.83	\$18.47
Chore	1.00	\$16.63	\$17.67	\$18.31

Preliminary Wage Recommendations

The table below presents Guidehouse's preliminary wage recommendations for supervisory staff.

Job Type	Number of FTEs (Survey)	CY2022 Q2 Provider Cost and Wage Survey	Adjusted 2023 Baseline Hourly Wage	Adjusted 2023 Hourly Wage
		Baseline Wage (FTE Weighted)	2022 Hourly Wages (Baseline + 6.25% Inflation Factor)	Benchmark Hourly Wage (2022 Hourly Wage + 3.62% Supplemental Pay)
Agency Director/Manager	20.3	\$29.62	\$31.47	\$32.61
Care Coordinator	14	\$22.73	\$24.15	\$25.02
Support Specialist	7.2	\$20.85	\$22.15	\$22.96
Personal Care Supervisor	3	\$18.17	\$19.31	\$20.00
Shift and Unit Supervisor	3	\$31.00	\$32.94	\$34.13

Employee Related Expenses (ERE)

Setting a Competitive Benefits Package

Our assumptions for employee-related expenses (ERE) look at what a provider should be able to offer as a competitive benefits package.

- ERE, or fringe benefits, are costs to the provider beyond wages and salaries, such as unemployment taxes, health insurance, and paid time off (PTO). These fall into three distinct categories of benefits:
 - **Legally Required Benefits** including federal and state unemployment taxes, federal insurance contributions to Social Security and Medicare, and workers' compensation.
 - **Paid Time Off** including holidays, sick days, vacation days, and personal days.
 - **Other Components of ERE** including health, dental, and vision insurance and retirement.
- Not all providers who responded to the provider cost & wage survey have historically offered a “full” or competitive benefits package. However, our preliminary data includes information as to what benefits providers are currently offering.

Goal: Understand which benefits providers are offering and contributing to for their staff.

Setting a Competitive Benefits Package (cont.)

An alternative approach to developing a benefits package involves benchmarking benefits costs and using market data instead of relying exclusively on historical costs.

- **Key advantages of the benefits package developed through this approach are:**
 - Baseline benefits are representative of current provider benefits.
 - Benefit components are aligned with South Dakota's market information, as data is obtained from sources like the IRS, labor statistics from South Dakota state agencies, etc.
 - Increased transparency, as discrete components comprise the package.
 - Benefit estimates are practitioner-specific, since the proportion of benefits varies by wage level.
- The resulting fringe assumptions for future benefits packages look at what a provider should be able to offer as a competitive benefits package.
- **The following slides walk through the components used to design a competitive benefits package, and the slides contain hypothetical information for illustrative purposes based on the homemaker/personal care wage of \$15.93.**

Legally Required Benefits

- **Unemployment Taxes:** Employers in South Dakota pay a federal unemployment tax (FUTA)¹ of 6.00% of the first \$7,000 in wages and reemployment assistance (RA) of a range of 1.00% to 1.20% of the first \$15,000 in 2022 wages². Generally, if you paid wages subject to state unemployment tax, you may receive a credit of up to 5.4% of FUTA taxable wages¹.
- **Federal Insurance Contributions:** Employers pay a combined 7.65% rate of the first \$142,800 in wages for Social Security and Medicare contributions (Federal Insurance Contributions Act, or FICA)³.
- **Workers' Compensation:** Employers in South Dakota pay an average effective tax of 1.60% toward workers' compensation insurance.
(Source: Provider Cost & Wage Survey)

1. <https://www.irs.gov/taxtopics/tc759>
2. <https://dlr.sd.gov/ra/businesses/faq.aspx#base>
3. <https://www.irs.gov/taxtopics/tc751>

Legally Required Benefits	
Federal Unemployment Tax (FUTA)	0.60% after credit
Reemployment Assistance Tax (RA)	1.20%
Federal Insurance Contributions (FICA)	7.65%
Workers' Compensation	1.60%
Legally Required Benefits	9.92%

** Legally required benefits may not apply to whole salary.

Paid Time Off Benefits – Reporting

Paid time off includes holidays, sick days, vacation days, and personal days. Some providers did not categorize PTO within these categories.

- **Holidays**
- **Sick Days**
- **Vacation Days**
- **Personal Days**

About **63** percent of providers offer holidays and other PTO to full-time staff, while about **37.5** percent of providers offer holidays and other PTO to part-time staff:

Median Paid Time Off Benefits	
Holidays	7 days
Sick Days	8 days
Vacation Days	18 days
Personal Days	
Total Paid Time Off	33 days per year*

Source: Provider Cost and Wage Survey

* Does not include training days

Question	Full Time		Part Time		Total	% Yes Full Time	% Yes Part Time
	Yes	No (incl. Blank)	Yes	No (incl. Blank)			
Are direct service staff eligible for holiday pay?	17	10	13	14	27	63%	48%
Are direct service staff eligible to receive paid time off (vacation), in addition to holidays?	15	12	9	18	27	56%	33%

Other Benefits: Health, Vision, Dental, Retirement

Other benefits offered to employees include:

- **Health Insurance**
- **Vision Insurance**
- **Dental Insurance**
- **Retirement Plan**

For analysis of these benefits, we have to understand how many providers are offering and contributing to the benefit as well as the proportion of employees which actually take the benefit.

Most providers offer other benefits such as health, vision, and dental insurance and retirement to full-time employees.

Question	Full Time		Part Time		Total	% Yes Full Time	% Yes Part Time
	Yes	No (incl. Blank)	Yes	No (incl. Blank)			
Are direct service staff eligible to receive health insurance through your organization?	15	9	9	14	47	63%	39%
Are direct service staff eligible to receive vision insurance through your organization?	12	12	6	12	42	50%	33%
Are direct service staff eligible to receive dental insurance through your organization?	13	11	6	13	43	54%	32%
Does your organization contribute to a 401k, 403b or other retirement plan for your direct service staff?	14	10	10	10	44	58%	50%
Does your organization contribute to any other benefits for staff? (please specify)	9	15	3	14	41	38%	18%

Retirement Benefits

Retirement	
Retirement Take Up Rate	54.60%
Retirement Plan Average Contribution	2.96%
ERE \$ Amount	\$397
Percent of Annual Wage	1.20%

- Retirement plan contribution is the **average** reported in provider cost and wage survey.
- Median reported was slightly higher at 3.00%.

Paid Time Off Components of ERE

Paid Time Off	
Part Time Adjustment Factor	70.00%
Paid Time Off	33 days/yr.
ERE \$ Amount	\$2,944
Percent of Annual Wage	8.88%

- Paid time off includes:
 - Holidays
 - Sick days
 - Vacation days
 - Personal days
- Providers reported a wide range of paid time off values.
- The paid time off of 33 days represents the **median** reported total days for all paid time off from the provider cost and wage survey.

Benefits Benchmarking Analysis

The table below captures the comparison of benefits reported in the Cost and Wage Survey to the South Dakota Medical Expenditure Panel Survey (MEPS)

Metric	2022Q2 SD Provider Survey Data	2020 MEPS Data (10-24 employees)	2020 MEPS Data (50 + employees)	2020 MEPS Data Total
Employer Contribution to Health Insurance (Single Coverage)	\$5,796.00	\$5,314.00	\$5,547.00	\$5,562.00
Employer Contribution to Health Insurance (Family Coverage)	-	\$10,353.00	\$14,518.00	\$14,142.00
Weighted Employer Contribution to Health Insurance	-	\$6,730.01	\$8,649.02	\$8,428.78
Inflation*	-	6.3%	6.3%	6.3%
Inflated Employer Contribution to Health Insurance	\$5,796.00	\$7,154.00	\$9,193.91	\$8,959.79
Percent of full-time employees	70.00%	68.88%	79.11%	74.02%
Health Insurance Take-Up Rate	55.49%	53.4%	56.9%	55.9%
Monthly	\$483.00	\$596.17	\$766.16	\$746.65
Adjusted Annual	\$2,251.52	\$2,631.32	\$4,138.29	\$3,707.19

* <https://www.mercer.us/what-we-do/health-and-benefits/strategy-and-transformation/mercere-national-survey-benefit-trends.html>

Insurance and Other Benefits

Category	Take Up Rate	Monthly Premium	Annual Cost*	Percent of Annual Wage*
Health	55.9%	\$746	\$3,707	11.1%
Dental	49.0%	\$42	\$43	0.1%
Vision	45.6%	\$56	\$19	0.06%
Other Benefits	68.1%	\$491	\$248	0.75%

- Health take up rate and monthly premium is taken from MEPS data.
- Dental, Vision and Other Benefits are all derived from provider cost and wage survey responses.
- These values are **averages** from provider responses.
- Our benefit assumptions are not designed to meet participation criteria for this program or replace the additional funding received through participation.

*Based on DSP wage of \$15.30

Employee-Related Expenses (ERE) Calculations

Calculating ERE requires analysis of the various benefits available to employees in the state based on cost survey, provider survey, and market data.

Inputs include the average cost of benefits described on the previous slides, adjusted using take-up rate and part-time adjustment factor as appropriate:

Example calculation for health, dental, and vision insurance ERE components:

$$\frac{\text{Average Cost of Insurance} \times \text{Insurance Take-Up Rate} \times \text{Part-Time Adjustment Factor}}{\text{Annual Wage}}$$

Example calculation for the retirement ERE component:¹

$$\frac{\text{Annual Wage} \times \text{Benefit Cost: Percent of Wages} \times \text{Benefit Take-Up Rate} \times \text{Part-Time Adjustment Factor}}{\text{Annual Wage}}$$

1. Legally required benefits are calculated similarly, but the benefit take-up rate is excluded since these benefits must be offered to employees per state and federal statutes.

Employee-Related Expenses (ERE)

ERE is calculated as a percentage of wages, and the three components of ERE (Legally Required Benefits, Paid Time Off Benefits, and Other Benefits) are added together to determine total ERE.

	Adult Companion/Respite	Homemaker/ Personal Care	LPN	Registered Nurse (RN)
Hourly Wage	\$15.36	\$15.93	\$25.20	\$31.36
Annual Wages – FY2022	\$31,949	\$33,134	\$52,416	\$65,790
Legally Required Benefits	\$3,176 (9.94%)	\$3,286 (9.92%)	\$5,068 (9.67%)	\$6,305 (9.58%)
Paid Time Off Benefits	\$3,001 (9.39%)	\$3,113 (9.39%)	\$4,924 (9.39%)	\$6,181 (9.39%)
Other Benefits	\$4,399 (13.77%)	\$4,413 (12.32%)	\$4,644 (8.86%)	\$4,804 (7.30%)
Total ERE per Staff	\$10,576 (33.10%)	\$10,811 (32.63%)	\$14,636 (27.92%)	\$17,289 (26.28%)
Hourly Wage with ERE	\$20.24	\$21.01	\$31.90	\$41.75

Additional Rate Component Considerations

Administration Cost Factor

The administration factor should reflect the costs associated with operating a provider organization, such as costs for administrative employees' salaries and wages along with non-payroll administration expenses, such as licenses, property taxes, liability and other insurance.

- Administration percentages are calculated for each individual provider based on FY21 Cost Reports representing 7/1/2020 – 6/30/2021
- Providers that did not report admin or direct care costs are removed
- Providers that reported an admin percentage over 45% were removed
- Administration Costs:
 - Maintenance and administrative employee salaries and wages
 - Non-payroll administrative costs (office supplies, telephone, liability insurance, memberships/dues)
- Direct Care Costs
 - Direct care employee salaries and wages

Median Admin	Average Admin
18.1%	20.2%

Program Support

Program support percentages for individual services will be determined based on the appropriate and applicable program support cost components that reflect the personnel and non-personnel costs associated with direct care service delivery for each service .

Supplies

- Medical Supplies
- Other Supplies/Minor Equipment Purchases

Transportation

- Rental/Mileage
- Other Travel/Transportation
- Vehicle Depreciation

Program Support Cost Factor

Program Support Costs Estimated as a Percentage of Direct Care Costs

Program Support		
Category	Individual	Cumulative
Supplies	2.1%	2.1%
Transportation	7.5%	9.6%

- Multiple program support percentages are developed including different expenses
- Program support is calculated across all providers as one aggregate number
- Program Support % =
 - Program Support / Direct Care
- Provider specific program support percentages were calculated to identify any potential outliers

Billable vs Non-Billable Time

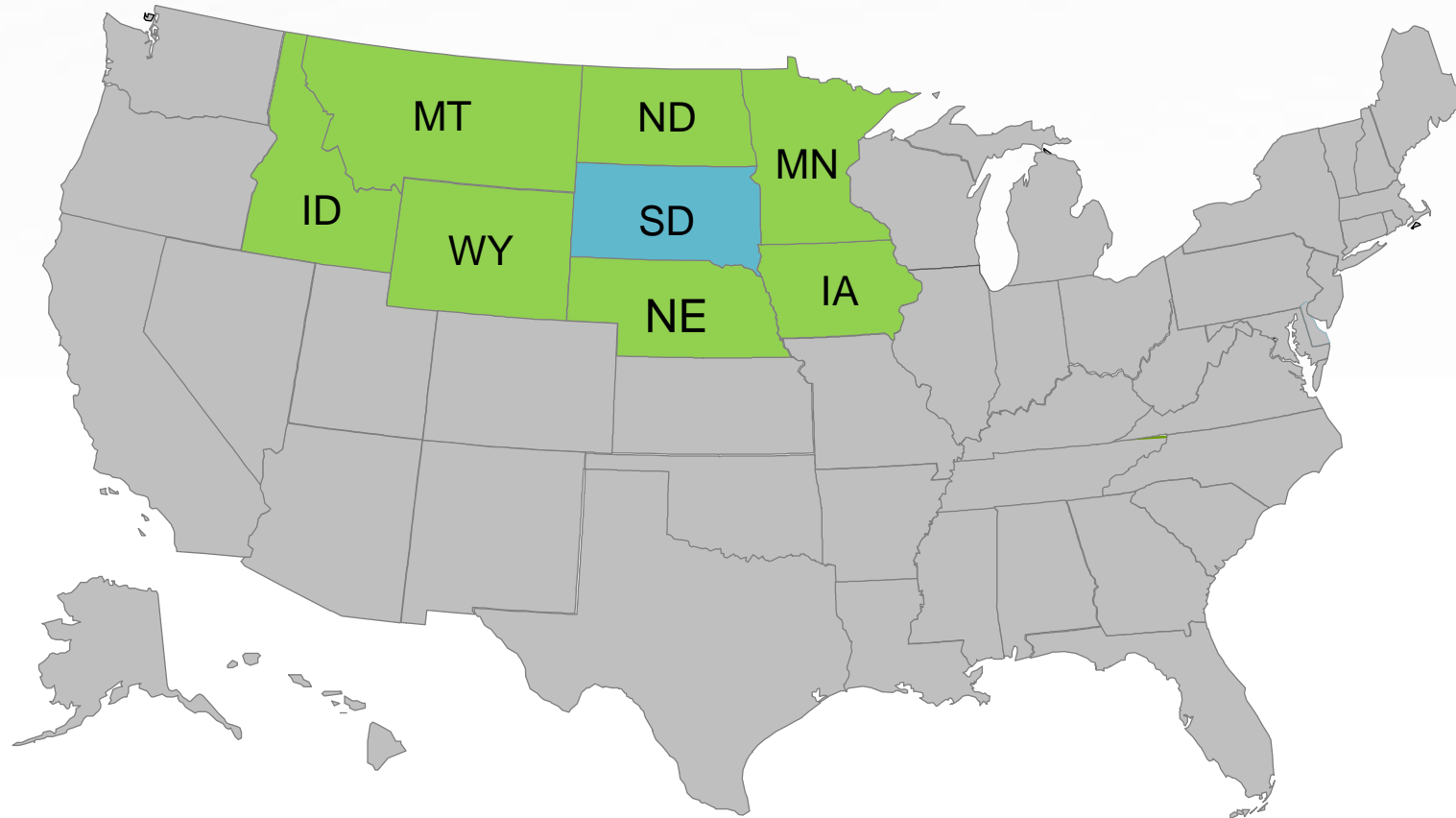
Guidehouse analyzed survey responses to understand variability in direct client facing time in comparison to other non-billable tasks such as recordkeeping, meetings, training etc.

Productivity By Job Type						
Metric	Adult Companion	Respite	Chore	Homemaker	Personal Care	Nursing
Providers Reporting	8	6	1	14	11	13
Low	30%	70%	50%	60%	60%	47%
High	92%	86%	50%	92%	92%	87%
Median	79%	79%	50%	77%	80%	75%

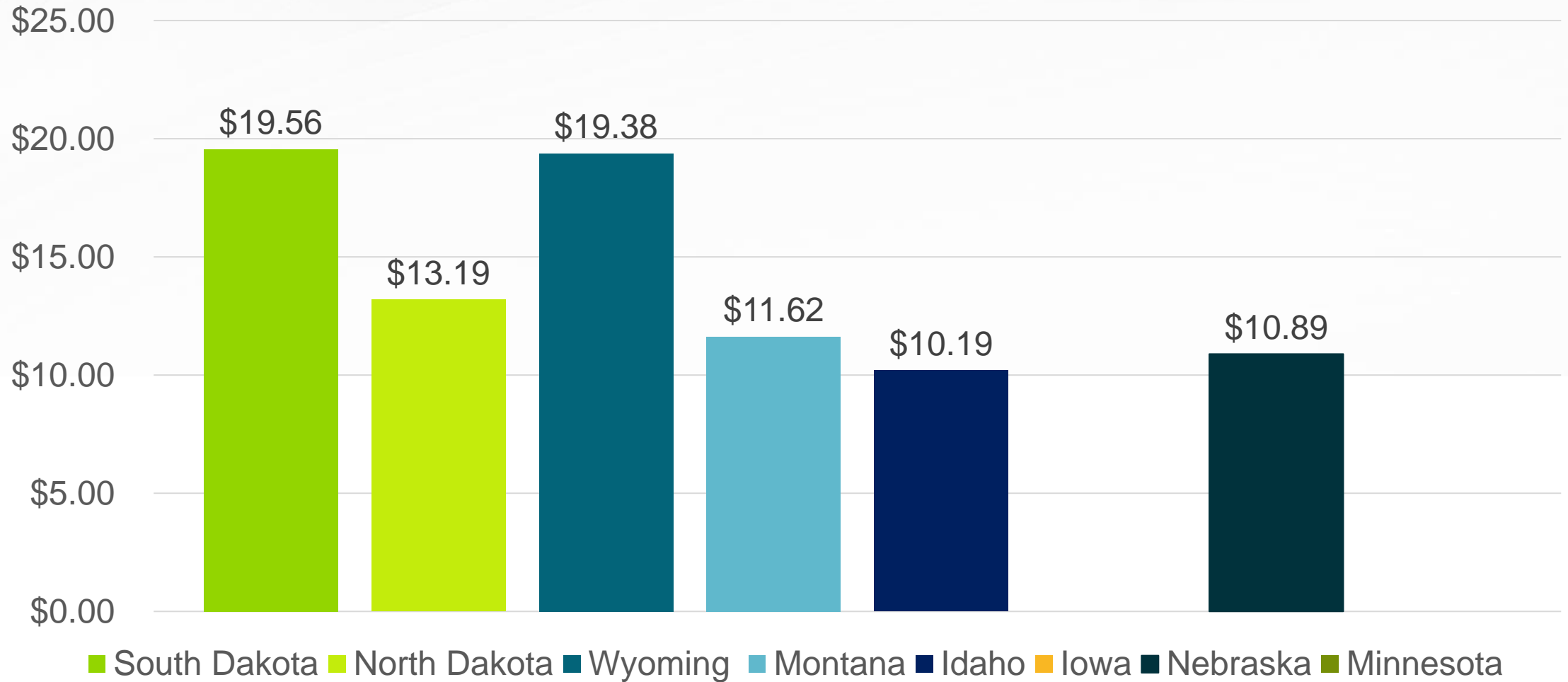
Peer State Comparisons

Peer States

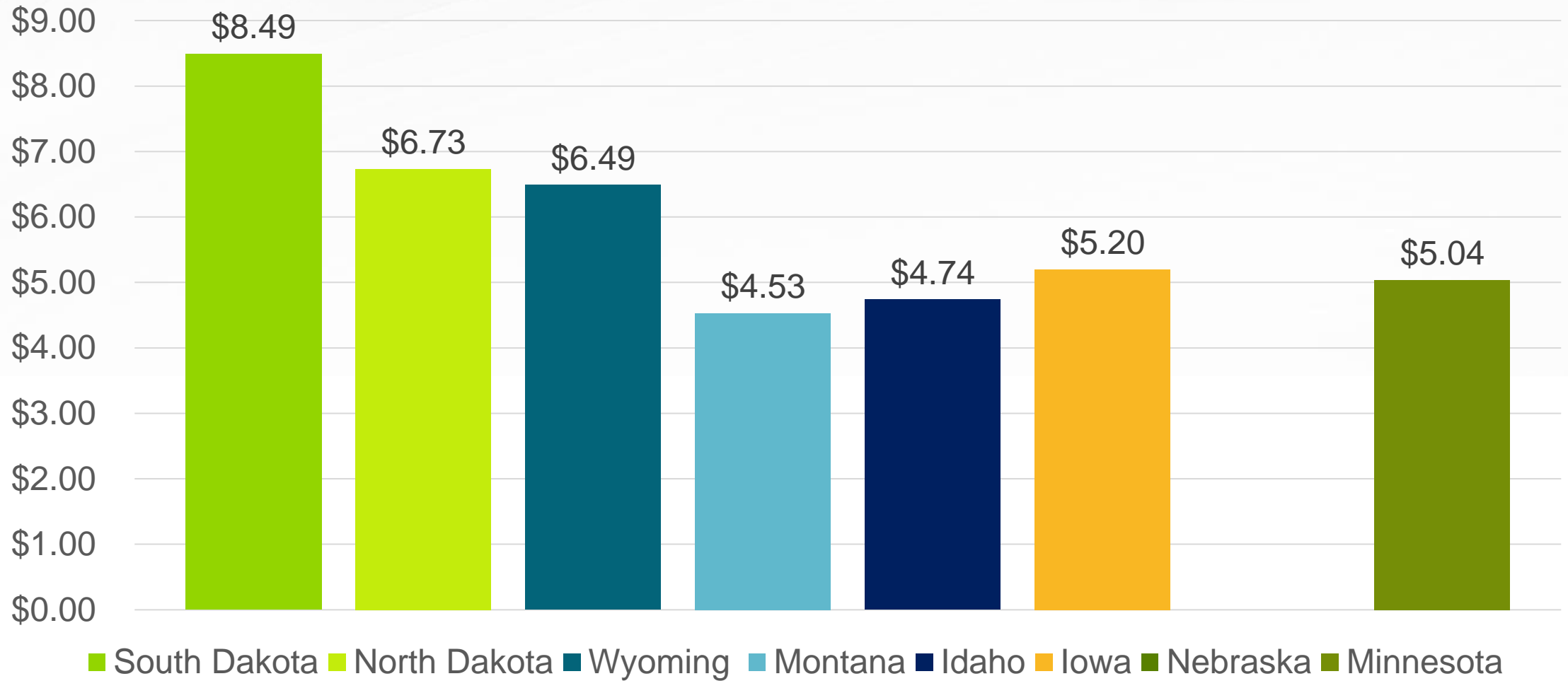
Guidehouse collaborated with the DHS/DSS to determine states that have commonalities with South Dakota to analyze services and their corresponding rates. All rates are effective 7/1/2022.



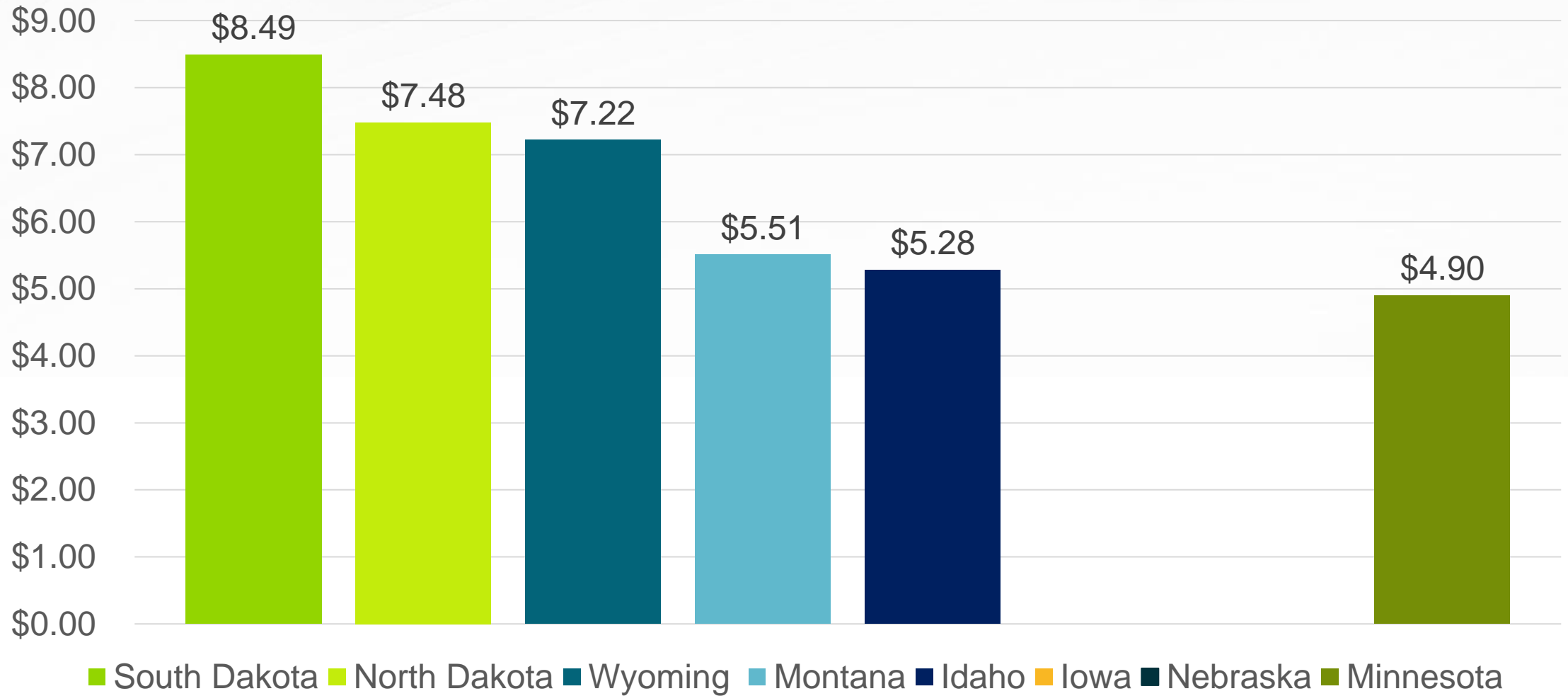
Nursing



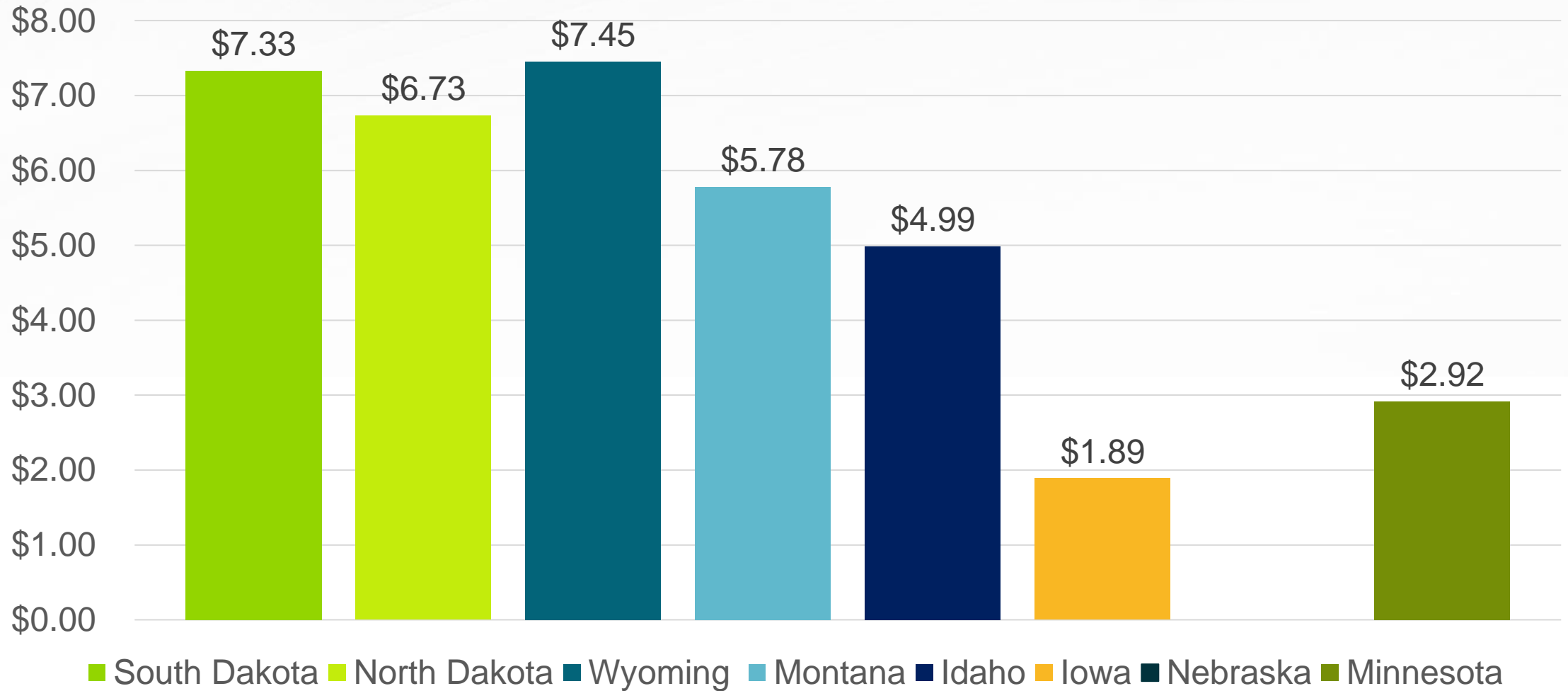
Homemaker



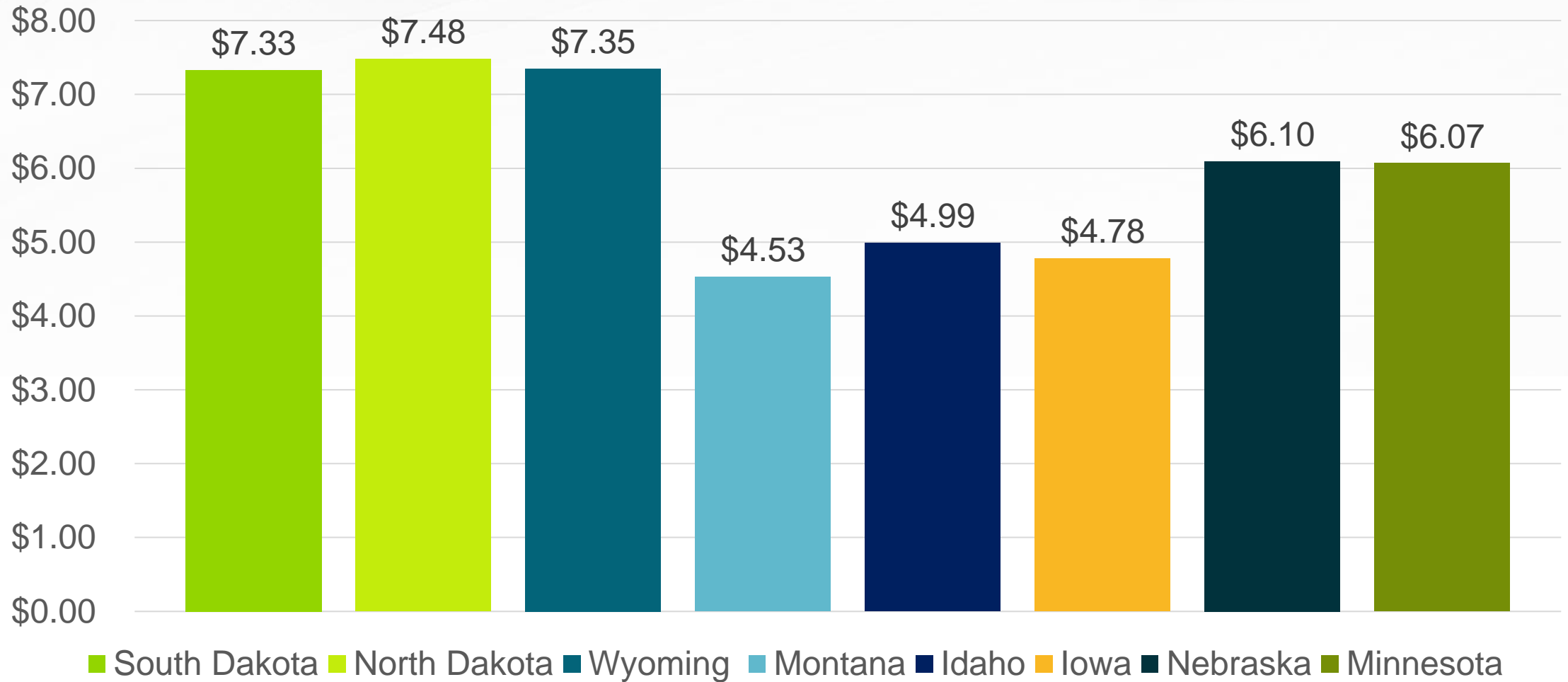
Personal Care



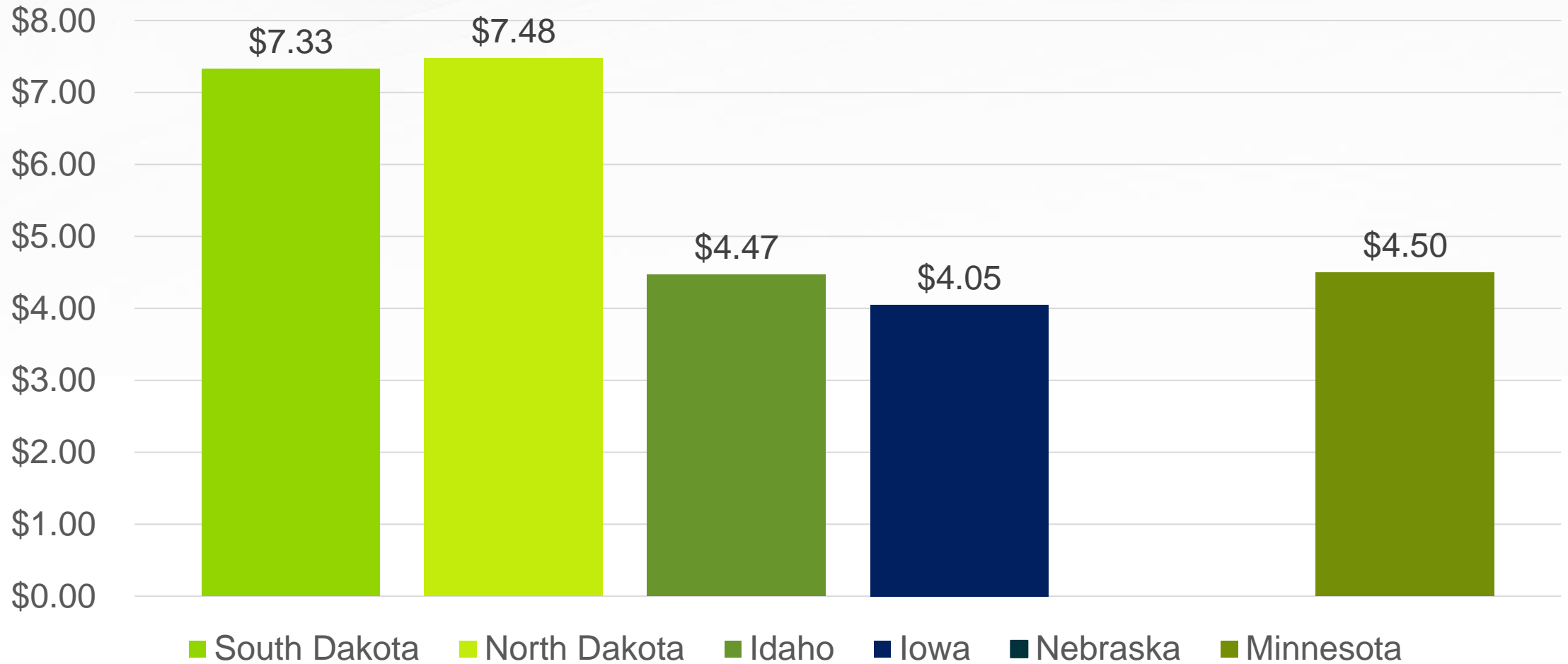
Adult Companion



Respite



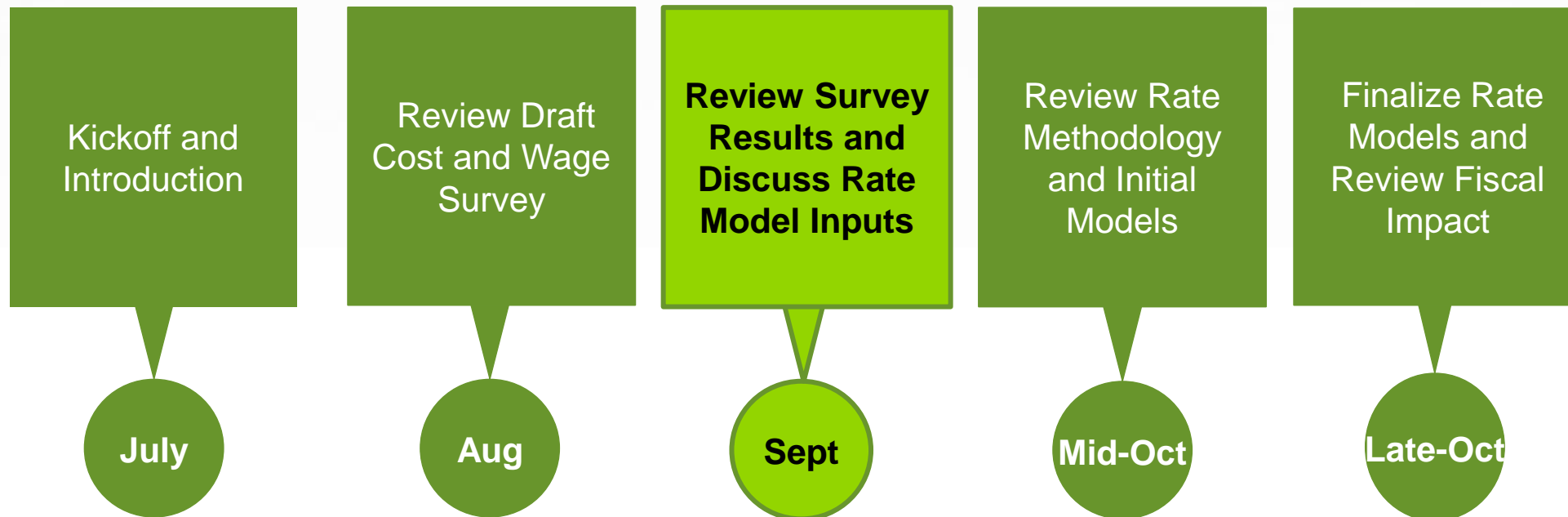
Chore



Advisory Workgroup Timelines and Next Steps

Proposed Rate Workgroup Meeting Plan

The Rate Workgroup and Guidehouse will meet once a month to discuss topics related to survey development and implementation, service review, as well as rate methodology and modeling requirements and results.



Questions and Answers

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